telephone connection to be adjusted towards the security deposit of new telephone connection has also been dispensed from 6.1.2006.

(5) MTNL Mumbai has reduced the security deposit for New Telephone connection with STD from Rs. 3000 to Rs. 1000.

(6) MTNL Mumbai has also increased the talk value of its prepaid coupons in the following plans:—

Plan	Old	New	Years
900	100	600	1 year
1600	200	1200	2 years
2400	500	1800	3 years

Emergence of India as chip design hub

98. MS. PRAMILA BOHIDAR:
SHRI B.J. PANDA:

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether it is a fact that India is fast emerging as a chip design hub of the world;

(b) whether India is better placed than China in this sector;

(c) if so, the details thereof; and

(d) what is the action plan of Government to give a further boost to this industry and set up projects in the backward regions of the country *i.e.* Orissa, Jharkhand, Bihar etc., to improve their economy?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a) to (c) According to the Indian Semiconductor Association (ISA)—Frost & Sullivian Report, 2006, the revenue from the chip design market in India has increased from Rs. 1820 crore in 2004 to Rs. 2507 crore in 2005 and is expected to grow to Rs. 21,868 crore by 2015. Chip design is essentially a software activity.

According to the National Association of Software and Service Companies (NASSCOM), India still ranks as the preferred offshore destination in the software and services area as compared to China as well as some other countries e.g., Malaysia, Singapore, Phillipines.

(d) As indicated above, chip design is essentially a software activity. Details of various steps taken by the Government to promote IT software and services exports sector are given in the Statement (See below). Since trained human resource is a key element for this sector, Department of Information Technology (DIT) is implementing a programme for development of skilled human resource at the B.Tech/ M.Tech level in the area of chip design. Also, the Software Technology Parks of India (STPI) has already set up its centres at Bhubaneshwar and Rourkela in Orissa and at Ranchi in Jharkhand. STPI facility is also operational at Patna in Bihar. These centres are providing statutory and data communication services to the software industry, including chip design units, for the growth of software exports from the country.

Statement

Steps taken by the Government to promote IT software and services exports

1. Approvals for all foreign direct investment proposals relating to the Information Technology Sector, with the exception of Business-to-consumer (B2C) e-commerce are under the automatic route.

2. Peak rate of customs duty is 15%. Customs duty on Computers and Peripheral is zero %. Excise duty on computers is zero %. Microprocessors, Hard Disc Drives, Floppy Disc Drives and CD ROM Drives continue to be exempt from excise duty.

3. Export Promotion Capital Goods scheme (EPCG) allows capital goods on payment of 5% customs duty. The Export Obligation under the scheme is linked to the duty saved and is 8 times the duty saved on capital goods imported, to be fulfilled over a period of 8 years.

4. 100% depreciation is available to computers and computer peripherals over a period of 5 years for units under Export Oriented Units (EOU)/Software Technology Park (STP)/Special Economic Zone (SEZ) schemes.

5. Information Technology Software is exempted from Customs and Excise Duty.

6. EOU/STP units are eligible for Income Tax exemption on export profits, upto 2010, in terms of Sections 10A and 10B of the Income Tax Act. 100% Income Tax exemption on export profits available to SEZ units for 5 years, 50% for next 5 years and 50% of ploughed back profits for 5 years thereafter.

7. Income by way of dividends or long-term capital gains of a Venture Capital Fund (VCF) or Venture Capital company from investment made by way of equity shares in a Venture Capital Undertaking, which has been expanded to include the Software and IT sectors, will henceforth not be included in computing the total income. To give thrust to Venture Capital finance, Security & Exchange Board of India (SEBI) has been made the single point nodal agency for registration and regulation of both domestic and overseas venture capital funds.

8. Information Technology Act, 2000 dealing with Cyber Security, Cyber Crime and other information security related legal aspects is in place to encourage expansion of e-commerce through internet.

Teledensity in rural areas

99. SHRI EKANATH K. THAKUR: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether it is a fact that as per the Government data, the country's record in improving rural teledensity is dismal;

(b) whether it is a fact that in large and populous States of Uttar Pradesh, Madhya Pradesh, Jharkhand, Jammu and Kashmir, Chhattisgarh, Assam and Bihar rural teledensity was less than 1 per cent of their population; and